

Mr. Anthony V. Marshall  
Vice President of Reimbursement  
Diversified Health Services, L.P.  
3839 Forest Hill-Irene  
Memphis, Tennessee 38215

Re: AC# 3-RNC-F4 – Roper Nursing Center

Dear Mr. Marshall:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period January 1, 1994 through June 30, 1994. That report was used to set the rate covering the contract periods beginning January 1, 1994.

We are recommending that the Department of Health and Human Services certify an accounts receivable to recover amounts due as a result of the rate changes shown on Exhibit A. You will be notified of repayment terms by that Agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.

Edgar A. Vaughn, Jr., CPA  
State Auditor

EAVjr/cwc

cc: Ms. Brenda L. Hyleman  
Mr. Jeff Saxon  
Mr. Mac Carroll  
Ms. Beverly Hoffman

**ROPER NURSING CENTER  
CHARLESTON, SOUTH CAROLINA**

**CONTRACT PERIODS  
BEGINNING JANUARY 1, 1994  
AC# 3-RNC-F4**

**REPORT ON CONTRACT  
FOR  
PURCHASE OF NURSING CARE SERVICES  
WITH  
STATE OF SOUTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

November 21, 1997

Department of Health and Human Services  
State of South Carolina  
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Roper Nursing Center, for the contract periods beginning January 1, 1994 and for the six month cost report period ended June 30, 1994, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Roper Nursing Center, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report, Summaries of Costs and Total Patient Days and Cost of Capital Reimbursement Analyses sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contracts between the Department of Health and Human Services and Roper Nursing Center dated as of January 1, 1994 and October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computations of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services  
State of South Carolina  
November 21, 1997

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the South Carolina Department of Health and Human Services and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Edgar A. Vaughn, Jr., CPA  
State Auditor

**ROPER NURSING CENTER**  
Computation of Rate Change  
For the Contract Periods  
Beginning January 1, 1994  
AC# 3-RNC-F4

	01/01/94- <u>03/31/94</u>	04/01/94- <u>06/30/94</u>	07/01/94- <u>09/30/94</u>	10/01/94- <u>12/31/94</u>	01/01/95- <u>03/31/95</u>	04/01/95- <u>09/30/95</u>
Interim reimbursement rate (1)	\$154.35	\$154.65	\$115.99	\$118.48	\$83.21	\$80.49
Adjusted reimbursement rate	<u>156.59</u>	<u>156.89</u>	<u>117.37</u>	<u>117.42</u>	<u>82.48</u>	<u>79.96</u>
Decrease (Increase) in reimbursement rate	\$ <u>(2.24)</u> (2)	\$ <u>(2.24)</u> (2)	\$ <u>(1.38)</u> (2)	\$ <u>1.06</u>	\$ <u>.73</u>	\$ <u>.53</u>

- (1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated May 15, 1997
- (2) As provided for under Article V, Section A of the Provider's contract dated as of January 1, 1994, "The per diem rate shall not be increased or any additional amount be paid to the Provider due to audit findings." Accordingly, an increase in reimbursement rate does not result in reimbursement to the Provider.

**ROPER NURSING CENTER**  
Computation of Adjusted Reimbursement Rate  
For the Contract Period January 1, 1994 Through March 31, 1994  
AC# 3-RNC-F4

	<u>Profit Incentive</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services	\$ -	\$ 67.47	\$48.55	\$ 48.55
Dietary	<u>-</u>	<u>10.61</u>	<u>9.31</u>	<u>9.31</u>
Subtotal	<u>\$ -</u>	78.08	57.86	57.86
Laundry/Housekeeping/Maint.	\$ .50	7.33	7.83	7.33
Administration & Med. Rec.	<u>-</u>	<u>27.68</u>	<u>8.20</u>	<u>8.20</u>
Subtotal	<u>\$ .50</u>	113.09	<u>\$73.89</u>	73.39
<u>Costs Not Subject to Standards:</u>				
Utilities		4.22		4.22
Special Services		54.61		54.61
Medical Supplies & Oxy.		8.99		8.99
Taxes and Insurance		.73		.73
Legal Fees		<u>-</u>		<u>-</u>
<b>TOTAL</b>		<u>\$181.64</u>		141.94
Inflation Factor (N/A)				-
Cost of Capital				13.91
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				.50
Cost Incentive - For Gen. Serv. & Dietary				-
Effect of \$1.50 Cap on Cost/Profit Incentives and Cost Sharing				-
OTC/Nonlegend Drug Reimbursement				<u>.24</u>
 ADJUSTED REIMBURSEMENT RATE				 <u>\$156.59</u>



**ROPER NURSING CENTER**  
Computation of Adjusted Reimbursement Rate  
For the Contract Period April 1, 1994 Through June 30, 1994  
AC# 3-RNC-F4

	<u>Profit Incentive</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services	\$ -	\$ 67.47	\$48.55	\$ 48.55
Dietary	<u>-</u>	<u>10.61</u>	<u>9.31</u>	<u>9.31</u>
Subtotal	<u>\$ -</u>	78.08	57.86	57.86
Laundry/Housekeeping/Maint.	\$ .50	7.33	7.83	7.33
Administration & Med. Rec.	<u>-</u>	<u>27.68</u>	<u>8.20</u>	<u>8.20</u>
Subtotal	<u>\$ .50</u>	113.09	<u>\$73.89</u>	73.39
<u>Costs Not Subject to Standards:</u>				
Utilities		4.22		4.22
Special Services		54.61		54.61
Medical Supplies & Oxy.		8.99		8.99
Taxes and Insurance		.73		.73
Legal Fees		<u>-</u>		<u>-</u>
<b>TOTAL</b>		<u>\$181.64</u>		141.94
Inflation Factor (N/A)				-
Cost of Capital				13.91
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				.50
Cost Incentive - For Gen. Serv. & Dietary				-
Effect of \$1.50 Cap on Cost/Profit Incentives and Cost Sharing				-
OTC/Nonlegend Drug Reimbursement				.24
Laundry Add-On				<u>.30</u>
<b>ADJUSTED REIMBURSEMENT RATE</b>				<u>\$156.89</u>

**ROPER NURSING CENTER**  
Computation of Adjusted Reimbursement Rate  
For the Contract Period July 1, 1994 Through September 30, 1994  
AC# 3-RNC-F4

	<u>Profit Incentive</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services	\$ -	\$ 42.33	\$39.63	\$ 39.63
Dietary	<u>.53</u>	<u>6.65</u>	<u>7.60</u>	<u>6.65</u>
Subtotal	<u>\$ .53</u>	48.98	47.23	46.28
Laundry/Housekeeping/Maint.	\$ .96	4.60	6.39	4.60
Administration & Med. Rec.	<u>-</u>	<u>17.37</u>	<u>6.69</u>	<u>6.69</u>
Subtotal	<u>\$ .96</u>	70.95	<u>\$60.31</u>	57.57
<u>Costs Not Subject to Standards:</u>				
Utilities		2.65		2.65
Special Services		34.26		34.26
Medical Supplies & Oxy.		5.64		5.64
Taxes and Insurance		.46		.46
Legal Fees		<u>-</u>		<u>-</u>
<b>TOTAL</b>		<u>\$113.96</u>		100.58
Inflation Factor (6.00%)				6.03
Cost of Capital				8.73
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				.96
Cost Incentive - For Gen. Serv. & Dietary				.53
Effect of \$1.50 Cap on Cost/Profit Incentives and Cost Sharing				-
OTC/Nonlegend Drug Reimbursement				.24
Laundry Add-On				<u>.30</u>
 ADJUSTED REIMBURSEMENT RATE				 <u>\$117.37</u>

**ROPER NURSING CENTER**  
Computation of Adjusted Reimbursement Rate  
For the Contract Period October 1, 1994 Through December 31, 1994  
AC# 3-RNC-F4

	<u>Profit Incentive</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services	\$ .18	\$ 42.33	\$42.51	\$ 42.33
Dietary	<u>.55</u>	<u>6.65</u>	<u>7.83</u>	<u>6.65</u>
Subtotal	\$ <u>.73</u>	48.98	50.34	48.98
Laundry/Housekeeping/Maint.	\$1.00	4.60	6.65	4.60
Administration & Med. Rec.	<u>-</u>	<u>17.37</u>	<u>7.05</u>	<u>7.05</u>
Subtotal	\$ <u>1.00</u>	70.95	\$ <u>64.04</u>	60.63
<u>Costs Not Subject to Standards:</u>				
Utilities		2.65		2.65
Special Services		34.26		34.26
Medical Supplies & Oxy.		3.53		3.53
Taxes and Insurance		.46		.46
Legal Fees		<u>-</u>		<u>-</u>
<b>TOTAL</b>		\$ <u>111.85</u>		101.53
Inflation Factor (4.50%)				4.57
Cost of Capital				9.27
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				1.00
Cost Incentive - For Gen. Serv. & Dietary				.73
Effect of \$1.50 Cap on Cost/Profit Incentives and Cost Sharing				(.23)
OTC/Nonlegend Drug Reimbursement				.25
Laundry Add-On				<u>.30</u>
 ADJUSTED REIMBURSEMENT RATE				 <u>\$117.42</u>

**ROPER NURSING CENTER**  
Computation of Adjusted Reimbursement Rate  
For the Contract Period January 1, 1995 Through March 31, 1995  
AC# 3-RNC-F4

	<u>Profit Incentive</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services	\$ .18	\$42.33	\$42.51	\$42.33
Dietary	<u>.55</u>	<u>6.65</u>	<u>7.83</u>	<u>6.65</u>
Subtotal	\$ <u>.73</u>	48.98	50.34	48.98
Laundry/Housekeeping/Maint.	\$1.00	4.60	6.65	4.60
Administration & Med. Rec.	<u>-</u>	<u>17.37</u>	<u>7.05</u>	<u>7.05</u>
Subtotal	\$ <u>1.00</u>	70.95	\$ <u>64.04</u>	60.63
<u>Costs Not Subject to Standards:</u>				
Utilities		2.65		2.65
Special Services		.83		.83
Medical Supplies & Oxy.		3.53		3.53
Taxes and Insurance		.46		.46
Legal Fees		<u>-</u>		<u>-</u>
<b>TOTAL</b>		\$ <u>78.42</u>		68.10
Inflation Factor (4.50%)				3.06
Cost of Capital				9.27
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				1.00
Cost Incentive - For Gen. Serv. & Dietary				.73
Effect of \$1.50 Cap on Cost/Profit Incentives and Cost Sharing				(.23)
OTC/Nonlegend Drug Reimbursement				.25
Laundry Add-On				<u>.30</u>
 ADJUSTED REIMBURSEMENT RATE				 \$ <u>82.48</u>

**ROPER NURSING CENTER**  
Computation of Adjusted Reimbursement Rate  
For the Contract Period April 1, 1995 Through September 30, 1995  
AC# 3-RNC-F4

	<u>Profit Incentive</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services	\$ -	\$42.33	\$39.91	\$39.91
Dietary	<u>.55</u>	<u>6.65</u>	<u>7.83</u>	<u>6.65</u>
Subtotal	\$ <u>.55</u>	48.98	47.74	46.56
Laundry/Housekeeping/Maint.	\$1.00	4.60	6.65	4.60
Administration & Med. Rec.	<u>-</u>	<u>17.37</u>	<u>7.05</u>	<u>7.05</u>
Subtotal	\$ <u>1.00</u>	70.95	\$ <u>61.44</u>	58.21
<u>Costs Not Subject to Standards:</u>				
Utilities		2.65		2.65
Special Services		.83		.83
Medical Supplies & Oxy.		3.53		3.53
Taxes and Insurance		.46		.46
Legal Fees		<u>-</u>		<u>-</u>
<b>TOTAL</b>		\$ <u>78.42</u>		65.68
Inflation Factor (4.50%)				2.96
Cost of Capital				9.27
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				1.00
Cost Incentive - For Gen. Serv. & Dietary				.55
Effect of \$1.50 Cap on Cost/Profit Incentives and Cost Sharing				(.05)
OTC/Nonlegend Drug Reimbursement				.25
Laundry Add-On				<u>.30</u>
 ADJUSTED REIMBURSEMENT RATE				 \$ <u>79.96</u>

**ROPER NURSING CENTER**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended June 30, 1994  
For the Contract Periods January 1, 1994 Through June 30, 1994  
AC# 3-RNC-F4

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	<u>Adjusted Totals</u>
General Services	\$ 927,838	\$ -	\$ 896 (4) 16,728 (4)	\$ 910,214
Dietary	144,285	-	1,194 (4)	143,091
Laundry	21,859	-	396 (4)	21,463
Housekeeping	47,688	-	983 (4)	46,705
Maintenance	31,017	-	265 (4)	30,752
Administration & Medical Records	361,446	13,689 (6)	1,532 (4) 133 (4)	373,470
Utilities	56,876	-	-	56,876
Special Services	736,768	-	-	736,768
Medical Supplies & Oxygen	78,288	45,494 (3)	2,378 (2) 88 (4)	121,316
Taxes & Insurance	9,860	-	-	9,860
Legal Fees	-	-	-	-

**ROPER NURSING CENTER**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended June 30, 1994  
For the Contract Periods January 1, 1994 Through June 30, 1994  
AC# 3-RNC-F4

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Cost of Capital	200,494	30 (1) 879 (1) 4,045 (7) 6,547 (9)	4,849 (1) 13,689 (6) 2,640 (8) 211 (9)	187,656
	<u>                    </u>	<u>                    </u>	<u>2,950 (10)</u>	<u>                    </u>
Subtotal	2,616,419	70,684	48,932	2,638,171
Ancillary	237,107	-	45,494 (3)	191,613
Non-Allowable	251,956	22,215 (4) 2,640 (8) <u>2,950 (10)</u>	4,045 (7)	275,716
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Operating Expenses	<u>\$3,105,482</u>	<u>\$98,489</u>	<u>\$98,471</u>	<u>\$3,105,500</u>

TOTAL BEDS 132

TOTAL PATIENT DAYS 13,491

**ROPER NURSING CENTER**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended June 30, 1994  
For the Contract Period July 1, 1994 Through September 30, 1994  
AC# 3-RNC-F4

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	<u>Adjusted Totals</u>
General Services	\$ 927,838	\$ -	\$ 896 (4) 16,728 (4)	\$ 910,214
Dietary	144,285	-	1,194 (4)	143,091
Laundry	21,859	-	396 (4)	21,463
Housekeeping	47,688	-	983 (4)	46,705
Maintenance	31,017	-	265 (4)	30,752
Administration & Medical Records	361,446	13,689 (6)	1,532 (4) 133 (4)	373,470
Utilities	56,876	-	-	56,876
Special Services	736,768	-	-	736,768
Medical Supplies & Oxygen	78,288	45,494 (3)	2,378 (2) 88 (4)	121,316
Taxes & Insurance	9,860	-	-	9,860
Legal Fees	-	-	-	-



**ROPER NURSING CENTER**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended June 30, 1994  
For the Contract Period July 1, 1994 Through September 30, 1994  
AC# 3-RNC-F4

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Cost of Capital	200,494	30 (1) 879 (1) 4,045 (7) 6,547 (9)	4,849 (1) 13,689 (6) 2,640 (8) 211 (9)	187,656
	<u>                    </u>	<u>                    </u>	<u>2,950 (10)</u>	<u>                    </u>
Subtotal	2,616,419	70,684	48,932	2,638,171
Ancillary	237,107	-	45,494 (3)	191,613
Non-Allowable	251,956	22,215 (4) 2,640 (8) <u>2,950 (10)</u>	4,045 (7)	275,716
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Operating Expenses	<u>\$3,105,482</u>	<u>\$98,489</u>	<u>\$98,471</u>	<u>\$3,105,500</u>

TOTAL BEDS 132

TOTAL PATIENT DAYS \*21,503  
\*Adjusted to 90% occupancy

**ROPER NURSING CENTER**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended June 30, 1994  
For the Contract Period October 1, 1994 Through December 31, 1994  
AC# 3-RNC-F4

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	Adjusted <u>Totals</u>
General Services	\$ 927,838	\$ -	\$ 896 (4) 16,728 (4)	\$ 910,214
Dietary	144,285	-	1,194 (4)	143,091
Laundry	21,859	-	396 (4)	21,463
Housekeeping	47,688	-	983 (4)	46,705
Maintenance	31,017	-	265 (4)	30,752
Administration & Medical Records	361,446	13,689 (6)	1,532 (4) 133 (4)	373,470
Utilities	56,876	-	-	56,876
Special Services	736,768	-	-	736,768
Medical Supplies & Oxygen	78,288	-	2,378 (2) 88 (4)	75,822
Taxes & Insurance	9,860	-	-	9,860
Legal Fees	-	-	-	-

**ROPER NURSING CENTER**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended June 30, 1994  
For the Contract Period October 1, 1994 Through December 31, 1994  
AC# 3-RNC-F4

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Cost of Capital	212,357	30 (1) 879 (1) 4,045 (7) 6,547 (9)	4,849 (1) 13,689 (6) 2,640 (8) 211 (9)	199,396
	<u>                    </u>	<u>                    </u>	<u>3,073 (11)</u>	<u>                    </u>
Subtotal	2,628,282	25,190	49,055	2,604,417
Ancillary	191,513	-	-	191,513
Non-Allowable	285,687	22,215 (4) 2,640 (8) <u>3,073 (11)</u>	4,045 (7)	309,570
Total Operating Expenses	<u>\$3,105,482</u>	<u>\$53,118</u>	<u>\$53,100</u>	<u>\$3,105,500</u>

TOTAL BEDS 132

TOTAL PATIENT DAYS \*21,503  
\*Adjusted to 90% occupancy

**ROPER NURSING CENTER**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended June 30, 1994  
For the Contract Periods January 1, 1995 Through September 30, 1995  
AC# 3-RNC-F4

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	<u>Adjusted Totals</u>
General Services	\$ 927,838	\$ -	\$ 896 (4) 16,728 (4)	\$ 910,214
Dietary	144,285	-	1,194 (4)	143,091
Laundry	21,859	-	396 (4)	21,463
Housekeeping	47,688	-	983 (4)	46,705
Maintenance	31,017	-	265 (4)	30,752
Administration & Medical Records	361,446	13,689 (6)	1,532 (4) 133 (4)	373,470
Utilities	56,876	-	-	56,876
Special Services	10,961	6,923 (5)	-	17,884
Medical Supplies & Oxygen	78,288	-	2,378 (2) 88 (4)	75,822
Taxes & Insurance	9,860	-	-	9,860
Legal Fees	-	-	-	-

**ROPER NURSING CENTER**

Summary of Costs and Total Patient Days  
For the Cost Report Period Ended June 30, 1994  
For the Contract Periods January 1, 1995 Through September 30, 1995  
AC# 3-RNC-F4

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Cost of Capital	212,357	30 (1) 879 (1) 4,045 (7) 6,547 (9)	4,849 (1) 13,689 (6) 2,640 (8) 211 (9)	199,396
			3,073 (11)	
Subtotal	1,902,475	32,113	49,055	1,885,533
Ancillary	191,513	-	-	191,513
Non-Allowable	1,011,494	22,215 (4) 2,640 (8) 3,073 (11)	6,923 (5) 4,045 (7)	1,028,454
Total Operating Expenses	<u>\$3,105,482</u>	<u>\$60,041</u>	<u>\$60,023</u>	<u>\$3,105,500</u>

TOTAL BEDS 132

TOTAL PATIENT DAYS \*21,503  
\*Adjusted to 90% occupancy

**ROPER NURSING CENTER**  
Adjustment Report  
Cost Report Period Ended June 30, 1994  
AC# 3-RNC-F4

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Land Improvements	\$ 9,507	
	Building	70,305	
	Equipment	26,500	
	Depreciation Expense - Land Improvements	30	
	Depreciation Expense - Building	879	
	Depreciation Expense - Equipment		\$ 4,849
	Accumulated Depreciation - Land Improvements		10,468
	Accumulated Depreciation - Building		49,114
	Accumulated Depreciation - Equipment		23,247
	Other Equity		19,543
	To adjust fixed assets to historical cost State Plan, Attachment 4.19D		
2	Other Equity	2,378	
	Medical Supplies and Oxygen		2,378
	To remove expense applicable to the prior period HIM-15-1, Section 2302.1		
3	Medical Supplies and Oxygen	45,494	
	Ancillary		45,494
	To reclassify Clinitron bed expense to the proper cost center State Plan, Attachment 4.19D		
	(For the contract periods January 1, 1994 through September 30, 1994)		
4	Nonallowable	22,215	
	Nursing		16,728
	Restorative		896
	Dietary		1,194
	Laundry		396
	Housekeeping		983
	Maintenance		265
	Administration		1,532
	Medical Records		133
	Medical Supplies and Oxygen		88
	To correctly state 6/30/94 PTO accrual HIM-15-1, Section 2302.1		

**ROPER NURSING CENTER**  
Adjustment Report  
Cost Report Period Ended June 30, 1994  
AC# 3-RNC-F4

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
5	Special Services - Physical Therapy Nonallowable	6,923	6,923
	To adjust Medicare Part B Co-Insurance to actual State Plan, Attachment 4.19D		
	(For the contract periods January 1, 1995 through September 30, 1995)		
6	Administration Cost of Capital - Amortization Organization Cost	13,689	13,689
	To reclassify start-up costs to administration HIM-15-1, Section 2132.1		
7	Cost of Capital - Amortization Expense Nonallowable	4,045	4,045
	To adjust amortization expense to allowable HIM-15-1, Section 2300		
8	Nonallowable Cost of Capital - Amortization Expense - Loan Costs	2,640	2,640
	To properly state interest expense State Plan, Attachment 4.19D		
9	Cost of Capital - Income Offset Depreciation Expense Other Equity	6,547	211 6,336
	To adjust depreciation expense and income offset to allowable State Plan, Attachment 4.19D		
10	Nonallowable Cost of Capital	2,950	2,950
	To adjust cost of capital to allowable State Plan, Attachment 4.19D		
	(For the contract periods January 1, 1994 through September 30, 1994)		

**ROPER NURSING CENTER**  
Adjustment Report  
Cost Report Period Ended June 30, 1994  
AC# 3-RNC-F4

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
11	Nonallowable Cost of Capital	3,073	3,073
	To adjust cost of capital to allowable State Plan, Attachment 4.19D		
	(For the contract periods October 1, 1994 through September 30, 1995)		
	TOTAL ADJUSTMENTS	<u>\$217,175</u>	<u>\$217,175</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.



**ROPER NURSING CENTER**  
Cost of Capital Reimbursement Analysis  
For the Cost Report Period Ended June 30, 1994  
For the Contract Periods January 1, 1994 Through June 30, 1994  
AC# 3-RNC-F4

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>1.8129</u>
Deemed Asset Value (Per Bed)	28,313
Number of Beds	<u>132</u>
Deemed Asset Value	3,737,316
Improvements Since 1981	-
Accumulated Depreciation at 6/30/94	<u>(237,754)</u>
Deemed Depreciated Value	3,499,562
Market Rate of Return	<u>0.072</u>
Total Annual Return	<u>251,968</u>
Adjust For Cost Report Period 181/365	124,949
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	124,949
Depreciation Expense	72,324
Amortization Expense	6,954
Capital Related Income Offsets	(16,571)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	187,656
Total Patient Days (Actual Days)	<u>13,491</u>
Cost of Capital Per Diem	\$ <u><u>13.91</u></u>

**ROPER NURSING CENTER**  
Cost of Capital Reimbursement Analysis  
For the Cost Report Period Ended June 30, 1994  
For the Contract Periods January 1, 1994 Through June 30, 1994  
AC# 3-RNC-F4

6/30/89 Cost of Capital and Return on Equity	
Capital Per Diem Reimbursement	\$ N/A
Adjustment for Maximum Increase	<u>N/A</u>
Maximum Cost of Capital Per Diem	\$ <u>-</u>
Reimbursable Cost of Capital Per Diem	\$13.91
Cost of Capital Per Diem	<u>13.91</u>
Cost of Capital Per Diem Limitation	\$ <u>-</u>

**ROPER NURSING CENTER**  
 Cost of Capital Reimbursement Analysis  
 For the Cost Report Period Ended June 30, 1994  
 For the Contract Period July 1, 1994 Through September 30, 1994  
 AC# 3-RNC-F4

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>1.8129</u>
Deemed Asset Value (Per Bed)	28,313
Number of Beds	<u>132</u>
Deemed Asset Value	3,737,316
Improvements Since 1981	-
Accumulated Depreciation at 6/30/94	<u>(237,754)</u>
Deemed Depreciated Value	3,499,562
Market Rate of Return	<u>0.072</u>
Total Annual Return	<u>251,968</u>
Adjust For Cost Report Period 181/365	124,949
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	124,949
Depreciation Expense	72,324
Amortization Expense	6,954
Capital Related Income Offsets	(16,571)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	187,656
Total Patient Days (Minimum 90% Occupancy)	<u>21,503</u>
Cost of Capital Per Diem	\$ <u><u>8.73</u></u>

**ROPER NURSING CENTER**  
Cost of Capital Reimbursement Analysis  
For the Cost Report Period Ended June 30, 1994  
For the Contract Period July 1, 1994 Through September 30, 1994  
AC# 3-RNC-F4

6/30/89 Cost of Capital and Return on Equity	
Capital Per Diem Reimbursement	\$ N/A
Adjustment for Maximum Increase	<u>N/A</u>
Maximum Cost of Capital Per Diem	\$ <u>N/A</u>
Reimbursable Cost of Capital Per Diem	\$8.73
Cost of Capital Per Diem	<u>8.73</u>
Cost of Capital Per Diem Limitation	\$ <u>-</u>

**ROPER NURSING CENTER**  
 Cost of Capital Reimbursement Analysis  
 For the Cost Report Period Ended June 30, 1994  
 For the Contract Periods October 1, 1994 Through September 30, 1995  
 AC# 3-RNC-F4

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>1.8981</u>
Deemed Asset Value (Per Bed)	29,644
Number of Beds	<u>132</u>
Deemed Asset Value	3,913,008
Improvements Since 1981	-
Accumulated Depreciation at 6/30/94	<u>(237,754)</u>
Deemed Depreciated Value	3,675,254
Market Rate of Return	<u>0.075</u>
Total Annual Return	<u>275,644</u>
Adjust For Cost Report Period 181/365	136,689
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	136,689
Depreciation Expense	72,324
Amortization Expense	6,954
Capital Related Income Offsets	(16,571)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	199,396
Total Patient Days (Minimum 90% Occupancy)	<u>21,503</u>
Cost of Capital Per Diem	\$ <u><u>9.27</u></u>

**ROPER NURSING CENTER**

Cost of Capital Reimbursement Analysis

For the Cost Report Period Ended June 30, 1994

For the Contract Periods October 1, 1994 Through September 30, 1995

AC# 3-RNC-F4

6/30/89 Cost of Capital and Return on Equity	
Capital Per Diem Reimbursement	\$ N/A
Adjustment for Maximum Increase	<u>N/A</u>
Maximum Cost of Capital Per Diem	\$ <u>-</u>
Reimbursable Cost of Capital Per Diem	\$9.27
Cost of Capital Per Diem	<u>9.27</u>
Cost of Capital Per Diem Limitation	\$ <u>-</u>